Transportation Network Companies (TNCs) are the latest entrant into the regulated “for-hire” passenger transportation marketplace
- Currently populated by limousines, taxi cabs and charter buses

In Michigan, the marketplace is already regulated; need to fit TNCs into an existing framework
- State law currently regulates limos and charter buses
- Many local ordinances regulate taxi cabs and some local ordinances also regulate limos

MDOT is responsible for two state laws
- Act 432 of 1982 – motor coach carriers (vehicles that transport 16 or more passengers)
- Act 271 of 1990 – limo carriers (vehicles that transport 15 or fewer passengers)
- Under these two laws MDOT:
  - Issues annual certificates of authority and vehicle decals to limo and bus companies, which includes:
    - Reviewing documentation of insurance
    - Conducting motor bus vehicle safety inspections and reviewing documentation of limo inspections
    - Collecting fees and penalties as prescribed under each law
  - Provides compliance assistance to the industry
  - Assists law enforcement agencies
    - Local law enforcement is the primary venue for enforcement
  - Ensures limos have been inspected by Secretary of State licensed garages following MDOT issued guidance

MDOT has been seeking significant changes to both Act 271 and Act 432 for several years
- Regulatory reform was needed before TNCs (such as UBER and LYFT) came into being
  - Even more critical with innovations TNCs bring to marketplace

MDOT Goals for Regulatory Reform

- Single set of rules by which small vehicles operate, regardless of whether that vehicle calls itself a limo, a taxi or a TNC
  - Every operator – whether a traditional business model or an app-based business model – should be able to compete in the marketplace with the same level of state oversight
  - A vehicle operator should be able to shift from one business model to the next and not have to shift from one set of rules to another
    - Local law enforcement needs to be able to enforce
When a police officer comes across a for-hire provider, the state requirements need to be the same no matter what the operator calls themselves.

- Regulation of small “for-hire passenger” vehicles follow a different paradigm than the regulation of larger vehicles
  - For small passenger vehicles – those traditionally used by limos, taxis and TNC drivers – shift from regulatory model focused heavily on vehicle inspection (i.e., away from the approach currently in place for limos under Act 271)
    - Act 271 approach not working now and not a good approach for TNCs
    - Move to a registration-based regulatory approach for all “for-hire passenger” providers using small vehicles
      - Focus on the driver as much as the vehicle
  - Maintain the vehicle safety focuses approach for larger vehicles that carry more passengers

- MDOT has developed language for a new law to cover limos, TNCs and taxis
  - Registration with the state
    - Written assurances of insurance, inspection, and driver background checks as well as vehicle and driver rosters
  - Fees to register that cover the cost of registration and state compliance oversight
  - Decals for registered vehicles
  - Distinctive signage/emblem on vehicles
  - Authority for the state to confirm that registration was accurate via audits of supporting documentation
  - Authority for field enforcement by local law enforcement
  - Consequences for non-compliance

- MDOT has developed language to move 9-15 passenger vehicles into Act 432 and modernize Act 432
  - MDOT will continue to focus on vehicle safety regulation for stretched vehicles, commercial sized vans and buses